

Business Programs

Business & Industry Loan Guar.	\$35,821,997
Business Enterprise Grants	\$847,200
Business Opportunity Grants	\$57,000
Value Added Producer Grants	\$502,680
Section 9006 Energy Grants	\$287,706
TOTAL	\$37,516,583

backed with guarantees through its' Business and Industry (B&I) Guaranteed loan program. Funds were used to facilitate land & equipment purchases needed for relocating their asphalt plant and expanding their office/maintenance shop, while simultaneously retiring existing real estate & equipment loans, saving nearly \$145,000 per year in debt service payments.

After competing nationally, they were awarded a \$250,000 Section 9006 Energy Efficiency Grant to replace older asphalt hot plant equipment with new energy efficient asphalt hot plant equipment. The updated technologies and the design of the new hot plant equipment allows recycled asphalt product to be used in production of new asphalt, and has the ability to use waste motor oil as the source of energy.

The Hansen's estimate the consolidation of their administrative, asphalt operations, and maintenance shop next to their sand and gravel operations will save \$160,000 a year in truck operating expense alone. In addition to the environmental benefits, the new energy efficient hot plant should save \$230,000 in fuel costs. When the shop expansion is complete, additional mechanics will be hired to service other heavy construction equipment, further diversifying their income streams and reducing per repair overhead costs. The Hansens report that 20 jobs will be created and 100 saved (all at or above 256% of the minimum wage) by enhancing the efficiency and profitability of the operations. The ultimate benefit, however, is to the rural community of Twin Falls. The Hansen's commitment to build a financially strong competitive business strengthens their ability to provide stable, good paying jobs for the community - just as their grandfather, Gordon Hansen, did 45 years ago.



Specialty Spuds Create Jobs

As the largest producer of fingerling potatoes in Idaho and the 3rd largest producer nationwide, Southwind Farms, Inc. is positioned to capitalize on the potential of the emerging specialty potato market. In an effort to further expand their share of this niche market, Southwind Farms faced two challenges. First, they were unable to meet the existing demand for their product due to the limitations in their processing capacity. Second, they needed to expand the consumers' awareness of their product and build loyalty by establishing brand recognition of their gourmet potato brand. Through our Business and Industry (B&I) Guaranteed Loan program, USDA Rural Development backed a \$400,000 equipment loan financed by Zions First National Bank. The loan was used to purchase specially designed production and packaging equipment modified for the reduced size and delicacy of the fingerling potatoes, providing the automation required to expand Southwind Farms processing capacity.

After competing nationally as an independent producer, solely owned and controlled by agricultural producers owning a majority ownership interest in their product, Southwind Farms, LLC, was selected to receive \$298,000 in matching funds under USDA's Value-Added Producer Grant program in 2008. These funds will be used to market the varieties and quality of Southwind Farms Gourmet Select Brand directly to retail and food service customers in order to expand the demand for their specialty potato and realize a greater return for the value added specialty potato.

Southwind Farms originally started growing only a couple acres of fingerling potatoes and processed each by hand. Now, with the specially adapted equipment, they have increased their production to 170 acres and have created 15 jobs in the rural town of Heyburn, Idaho, where jobs in the food processing industry have been declining in recent years.

Value-added efforts such as Southwind Farms, Inc. not only help producers keep more of the profits derived from their efforts, but they also help to keep more dollars in rural areas of the nation.



Community Programs

Water & Waste Loans	\$24,835,000
Water & Waste Grants	\$6,761,000
Water & Waste Guar. Loan	\$ 750,000
Pre-Development	
Planning Grants	\$20,000
Solid Waste Management Grant	\$50,000
Emergency Community Water	
Assistance Grants	\$650,000
Native American Set Aside	
Grant	\$1,000,000
Community Facilities (CF) Loans	\$876,000
CF Guaranteed Loans	\$537,000
CF Grants	\$159,450
RCDI Grant	\$52,660
TOTAL	\$35,691,110



The picture at left shows the break in the Strong Creek diversion dam.

Timely Assistance for City of East Hope

Strong Creek, on the northeast shore of Lake Pend Oreille, experienced a flash flood event late in May 2008 that severely damaged the diversion dam that supplies the City of East Hope with water. Not only is this the only source of water for the City, it is also critical habitat for the endangered Bull Trout fish. The road that provides access to the dam was also washed out in several places exposing the water line that runs to the treatment plant. This forced the City to immediately ration water for only necessary household use, and begin the search for funding to repair the damage. Volunteers attempted to provide a temporary water supply by wading through the frigid water to remove the debris from the intake at the diversion dam. Large boulders, too big to move by hand, hampered their efforts. Later a backhoe was able to get around the washed out areas to complete the intake cleanup.

At a meeting in early June it was determined that the city might qualify for an Emergency Community Water Assistance Grant (ECWAG) through USDA Rural Development and an Imminent Threat Grant through Idaho Department of Commerce (IDOC). The City started the process by hiring James A. Sewell and Associates to complete the engineering of the project and by contacting Panhandle Area Council and USDA Rural Development for assistance with the grants. The engineer and the City worked diligently to put together all of the necessary documents for the application. Timing was very critical since ECWAG funding would not be available after the end of June and staff in Coeur d'Alene and the State Office all worked together to process the application. USDA Rural Development was then able to assist the community by approving a \$500,000 grant. In addition, the City was awarded a \$100,000 Imminent Threat Grant from IDOC. These funds will provide the City with the ability to rebuild the access road and to construct a new diversion dam so that the 170 citizens of this rural community will have a clean, reliable water source. During road reconstruction

in the fall of 2008, Idaho Department of Fish and Game personnel visited the site and relocated several Bull Trout by shocking them and then transplanting them to an area in the stream that was not affected by the construction. This allowed the engineer better access so that design work for the dam could be completed. The project could not have been completed without the cooperation of the following agencies; IDOC, Idaho Department of Fish and Game, US Fish & Wildlife Service, US Army Corp. of Engineers, and Idaho Department of Water Resources.

Excess Water Found in Jughandle

If you have ever experienced water shortages on the 4th of July with a house full of in-laws, you know that fireworks are not the only things that might explode. When the friends, family, and residents of Jughandle Estates gathered in their homes to celebrate the 4th of July 2007 their water pressure and water supply came up short. Jughandle Estates is a residential subdivision located 7 miles southeast of McCall, Idaho just beneath Jughandle Mountain.

For the past couple of years they have been struggling to make improvements and secure financing for their water system, which has limited capacity and pressure. They initially tried to drill a well within subdivision boundaries but because the subdivision was developed on top of granite rock formations, the attempts at drilling 2 production wells and 1 test well failed. With the added cost of purchasing an offsite lot and constructing a transmission line to connect to the offsite well, and the uncertainty of finding a productive well site, financing became hard to find. After being turned down by several banks, Jughandle was directed to the USDA-RD guarantee program. USDA Rural Development was able to guarantee a \$750,000 loan with Idaho First Bank in McCall, that will enable Jughandle Estates to make the necessary improvements.

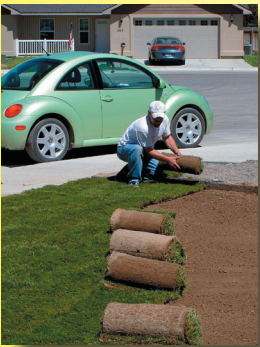
A new well was drilled and results showed the well could produce double the anticipated water requirement. Thanks to Rural Development the only fireworks going off in Jughandle next 4th of July will be to celebrate Independence Day.

Upper Valley Community Health Services, Inc. (UVCHS)

USDA Rural Development provided assistance through a combination of programs to UVCHS for the establishment of a new health clinic located in St. Anthony. Project funding included a \$280,000 Direct Community Facilities (CF) loan, a \$50,000 CF Grant and a \$102,000 CF Loan Guarantee for a loan made by Citizens Community Bank. The project includes nine examination rooms, procedure room, a laboratory, a waiting area, four rest rooms, a reception/billing area, X-ray equipment, and admin. offices. The current design of the building will accommodate three doctors or mid-level providers as the need arises. The health care center is open to anyone seeking services. The center is capable of accepting all health insurances, Medicare, and Medicaid. Uninsured patients, who are qualified, are charged for services on a sliding scale.

Housing Programs

Single-Family Housing	\$125,847,329
including Direct & Guaranteed	
loans and grants	
Mutual Self-help Housing Grant	\$337,920
Housing Preservation Grant	\$59,740
Housing Repair Loans	\$177,784
Housing Repair Grants	\$318,236
Rural Rental Programs	\$7,339,013
TOTAL	\$134,080,022



For the past several years employees and families have gotten together for a 'Sod Party' to put the finishing touches on the properties.

of owning her own home, "I couldn't ask for better next-door neighbors," she said. Shandeale was so impressed with Mercy Housing and the self-help program she pursued an opportunity to work for the non-profit organization. She is now a part of the Mercy Housing Team, working in the Self-help Homeownership Office in Twin Falls, Idaho.

Meeting a Family's Needs

For the past thirteen years Lloyd "Rob" Byers, wife Kelly, son Robert and daughter Kelly Sue have been living in a single wide mobile home on a rented lot. The children are becoming young adults and the home was no longer meeting the needs of the family. The Byers' son Robert has been diagnosed as autistic and will probably live with his parents for the remainder of his life.

The mobile home has been deteriorating over the past few years due to its age. They were in need of a larger, safer and more efficient home.

Rob became disabled due to a work injury in 2005 but the family managed to keep up their obligations and Rob was eventually placed on disability. Rob called Sara Varner, SFH Loan Specialist who started working on a loan for a new home. The plan was to place a manufactured home on a lot they owned. Rob worked very hard at getting bids together, choosing a house plan and preparing for the construction workers. The Byers' moved into their new home just three months after the start of construction.

Fulfilling A Mothers Dream



Denise Hanebuth had always wanted a place to call home. A home where Denise and her young daughter Natasha would feel safe. They had been living in rental assistance properties for some time when circumstances put her and her daughter into less than desirable living conditions, finally ending up inside the garage at her fathers place of business. It was small, cold and inadequate for their needs and Denise thought there was no way out of her situation and felt she was never going to be able to ever own a home.

Denise decided to seek help from Habitat for Humanity after seeing a flyer in the local laundromat. They eventually told her that she would be eligible for a home but that it could take up to two years. A local worker for Habitat for Humanity then called the USDA office in Coeur D'Alene, Idaho and spoke to loan specialist Joseph Cool. He explained Denise's current living conditions and asked if there was anything USDA could do to help Denise

get into a home much sooner. Joseph was more than happy to see what he could do and arranged to meet with Denise. They discussed the 502 Direct Loan Program and Denise filled out a pre-qualification form. After the initial pre-qualification Denise had to do a little leg work in order to qualify for the home loan but with patience and determination Denise accomplished everything that Joseph had asked her to do and was soon qualified for a 502 direct loan with subsidy assistance.

In late summer Denise Hanebuth moved into her new home and Joseph was happy to pose with her and Natasha for a photograph. She has a home where she feels safe and can raise her daughter with pride and dignity. With the help of dedicated staff and the USDA 502 Direct Loan Program, Denise was able to purchase a home within her means and fulfill her dream of home ownership.

Building a Sense of Community

Mercy Housing Idaho has been working with families and the USDA Mutual Self-Help Housing Program for eight years. In the Spring of 2009 they plan to celebrate their 100th home under this program. Currently they have 10 homes under construction in Hansen, Idaho and have already planned the next "group build" in nearby Filer, Idaho.

The Self-Help Homeownership Program allows families and people with low and moderate incomes to build their own homes, and in return, receive affordable financing.

Because of this wonderful program Shandeale Kestie and her 3 sons, ages 5, 12 and 14, went from renting a 2-bedroom, one-bathroom apartment in Hansen, Idaho to owning a new, affordable, 4-bedroom home.

After spending at least 35 hours a week building her home, the Kestie's were one of seven families that moved in last winter. A feature of the self-help program is that none of the families in the program are allowed to move into their house until all of their neighbors' homes are finished. In addition to the 35 hours a week spent building, many of the families work full-time jobs, but as neighbors work together to complete the homes they develop a sense of community. For Shandeale, the sense of community became a very big part of the satisfaction





Northside Court: Where working together makes the “Play of the Day”

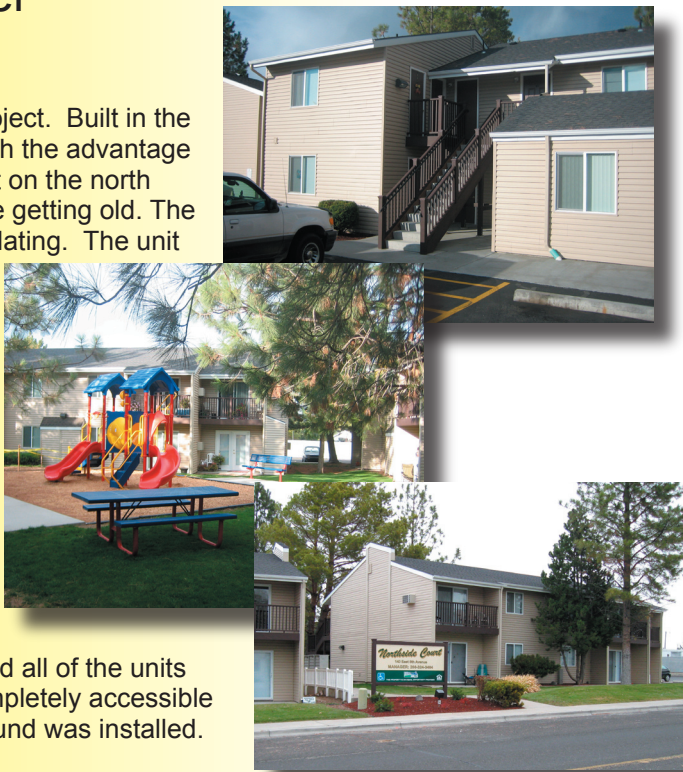
Northside Court Apartments is a typical Multi Family Housing Project. Built in the 1970’s, it is located in an average residential neighborhood, with the advantage of the hospital and schools being close by. It is the only project on the north side of Jerome. Time had taken its’ toll on the project. The roofs were getting old. The siding and windows needed replacing and the playground needed updating. The unit interiors needed modernizing.

All of this combined to make a fantastic opportunity for a team play. Someone who saw the opportunity to improve the housing and to benefit the community moved into position. They were looking for potential team players and connected with USDA Rural Development. Working through a USDA Rural Development transfer and assumption of the existing loans, the project was “passed” in the right direction. In addition, USDA Rural Development was able to work with an approved lender to provide a 538 Guaranteed Multi Family Housing loan to keep the “ball moving toward the basket”.

Other players lined up to keep the “ball” moving. The end result is a “slam dunk” for the tenants and for the community.

The project has been completely rehabilitated. Roofs have been redone, siding installed, new windows and doors have been put in, and all of the units have been modernized. The office and laundry were remodeled. Completely accessible and adaptable units were designed and implemented. A new playground was installed. Landscaping was improved and updated.

USDA Rural Development was able to be a key part of a team that made the “play of the day” come true in Jerome. These improvements will allow Northside Court to both benefit the community and serve tenants for a long time.



The Second Time Around

In February 2007 Betty Mortenson was in need of a furnace and some windows. She was 83 years old and had been a widow for about 15 years. Her only income was a small social security check and pension. Betty qualified for a 504 grant to replace her windows and furnace. Lana Duke, loan specialist in Preston, Idaho worked with her to complete the application and she was warm through the winter.

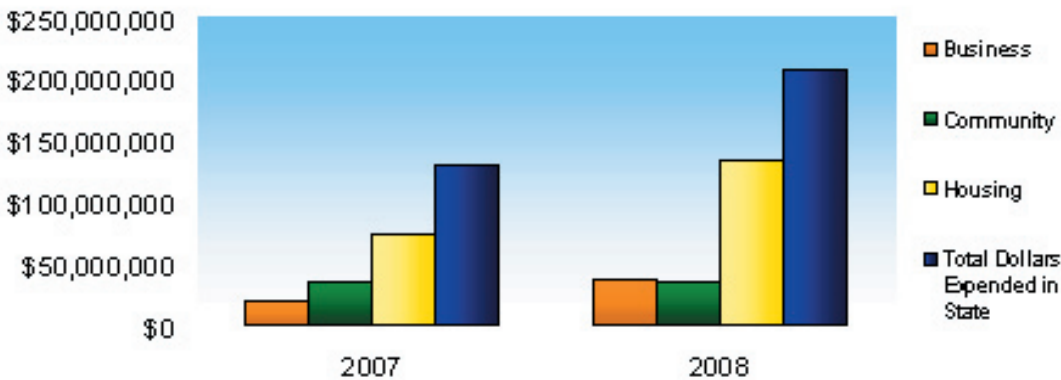
In July 2008, Betty’s neighbor contacted Lana. He said that Betty’s roof would not last another season. The roof had leaked during the early spring resulting in some pretty extensive damage both inside and out.

Lana talked with Betty and she agreed to move forward with a loan application. Even though she really didn’t have any extra money, she knew she needed a new roof. She obtained both loan and grant funds to pay for the roof reconstruction.

A group of men belonging to Betty’s church came together and built her a new roof. All the labor was donated. Young and old spent their free time tearing off the existing roof – which had become very soggy from previous rains. They donated the use of tractors and backhoes to set new trusses and sheathing. They installed a new metal roof for which Betty was very grateful. She will not have to worry about her roof again.



Program Delivery increased 60% in FY 2008



USDA RURAL DEVELOPMENT

Committed to the future of rural communities.



Ed Schafer
Secretary
US Department of
Agriculture

Message from the Secretary of Agriculture - It has been almost a year since President George W. Bush asked me to serve as the 29th Secretary of Agriculture, and I have had many great days working with the dedicated men and women at USDA to move our agriculture, conservation, and rural development policies forward. Together, we have accomplished a great deal in a short amount of time.

For more than 70 years, USDA Rural Development’s mission has been to deliver a future that brings expanded economic opportunities and an improved quality of life for rural residents. My family’s heritage is deeply rooted in rural agriculture, and I will forever be proud of my rural upbringing. Also, having served 8 years as Governor of an agriculture State, North Dakota, gave me a thorough appreciation for rural economic development. Serving USDA has been more than a job; it has been a personal commitment. For me, the future of rural America is my future as well.

So, it has indeed been my pleasure to work with Under Secretary Thomas Dorr and the 6,000 dedicated professionals at Rural Development to develop a rural America that is a healthy, safe, and prosperous place in which to live and work.

As we enter a new fiscal year, USDA is being called upon to help the Nation develop renewable energy, decrease our reliance on foreign oil, and help create extraordinary opportunities for rural entrepreneurs.

I have been proud to serve our Nation during these exciting and challenging times. I am confident that with the support of USDA Rural Development, rural America’s best days are yet to come.

A Message from Idaho State Director Mike Field

Fellow Idahoans:

I am very pleased to present the 2008 Annual Report for USDA Rural Development in Idaho. Our final numbers in program delivery for FY08 reflect a 60% increase over last year’s efforts. That is pnenominal!! Our employees are all to be commended for their hard work. It was a record year! Over \$206 Million Dollars spent in rural communities across Idaho.

These funds have been used for homes and for business enterprises. They have also been used for water and waste treatment facilities and to improve the quality of life for rural Idahoans. This report contains only a few of our success stories. We want to thank our private, nonprofit and government partners for the great support we have received from them during this past year. With their assistance, we have been able to improve health, safety and job security for families and communities across our great state.

Sncerely,

Michael A. Field, State Director
USDA Rural Development



Mike Field
State Director

OFFICE LOCATIONS

Central Idaho Area Office 1441 Fillmore, Suite C Twin Falls, ID 83301 208-734-1324	Lewiston Office 1630 23 rd Avenue, Suite 6 Lewiston, ID 83501 208-746-9621
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Northern Idaho Area Office 7830 Meadowlark, Ste. C3 Coeur d’Alene, ID 83815 208-762-4939	Preston Office 98 E 800 N Preston, ID 83263 208-852-0504
Western Idaho Area Office 2208 East Chicago, Suite C Caldwell, ID 83605 208-459-0761	Rexburg Office 302 Profit Rexburg, ID 83440 208-356-7248
	Weiser Office 845 East 9th Weiser, ID 83672-2356 208-549-4280

Cover photo by Dave Blaisdell

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